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SUBJECT: MEDIA REPORTS NORTH SOUGHT TALKS WITH SOUTH BEFORE NUCLEAR TEST; NETWORK OF UNOFFICIAL CONTACTS

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Classified By: POL M/C Joseph Y. Yun. Reasons 1.4 (b/d)

SUMMARY

¶11. (C) Secret contacts between Seoul and Pyongyang are nothing new. Many previous ROK presidents, including Kim Dae-jung, Roh Tae-woo and Park Chung-hee, relied on their secret negotiations to harvest significant results. A flurry

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of press revelations indicate that President Roh Moo-hyun has also dabbled in sub-rosa contacts. ROK media reports claim that (1) North Korea's October 9, 2006 nuclear test occurred just after Pyongyang tried -- and failed -- to establish an unofficial channel with Seoul after the July 2006 missile tests; (2) the ROKG reached out to the North through unofficial channels after the test to explore holding a summit meeting to overcome the nuclear impasse; and, (3) discussion of an inter-Korean summit has continued through Roh's close confidants in the Uri Party as a "party project." The reports also portray ROK businessmen, journalists and former officials as active behind-the-scenes players in North-South relations, present at sensitive meetings. Former Prime Minister Lee Hae-chan, who figures prominently in these reports, visited Pyongyang in early March and is considered a likely conduit if President Roh were to try to arrange an inter-Korean summit. This message, drawing from several media reports, presents a chronology of the reported unofficial contacts. END SUMMARY.

THE PRESIDENT,S MEN

¶12. (C) According to multiple sources (see paras. 25-26), the unofficial exchanges between North and South involved four of President Roh,s closest confidants:

-- Former Prime Minister Lee Hae-chan, who resigned as PM in March 2006 following a golf scandal. Lee remains close to President Roh, who has publicly praised him as "the best prime minister" in this administration. Lee was also a valuable aide to former President Kim Dae-jung, who appointed Lee as his Education Minister and remains on good terms with him. Multiple Blue House sources told emboffs that Lee was Roh,s favorite among all progressive candidates.

-- Ahn Hee-jung, a former Roh aide who was convicted of

collecting illegal campaign funds from local businesses ahead of the 2002 presidential election. Ahn, who is also referred to as Roh's "young partner," and his & left hand8 does not currently hold any official position within the Roh administration, but remains one of Roh's closest political confidants. He has recently announced the formation of a political group, widely seen as a precursor to a new pro-Roh political party.

-- Lee Ho-chol, Presidential Secretary for Information and Policy Monitoring. The "big brother" among the Blue House 386ers, his role within the Blue House is relatively unknown to outsiders, but some media reports claim that his position as information secretary allows him to act as Roh's "eyes and ears."

-- Rep. Lee Hwa-young of the Uri Party. A Roh loyalist within the Uri Party, Lee has known Roh since 1993, when he was a researcher at Roh's Institute of Local Government Management. Lee is also known to be close to Ahn Hee-jung.

SEPTEMBER 2006: DPRK SEEKS UNOFFICIAL TALKS

¶3. (SBU) The reports say that on September 20, 2006, a North Korean official named Ri Ho-nam, known in the ROK as a working-level contact point for the North's economic cooperation projects with the South, met with Kwon O-hong, an ROK businessman working on North Korea-related economic projects from Beijing. Ri reportedly told Kwon that Pyongyang would like to discuss certain issues with Seoul through private channels through a person who could speak for President Roh and convey his true intentions, and mentioned Ahn Hee-jung as a possible contact. Judging Ri to be credible, Kwon O-hong passed the information to a well-connected journalist, Sisa Journal's Nam Moon-hee, who

in turn conveyed the message to Ahn through former National Security Council (NSC) official Kim Chang-soo, also known to be a close friend of Ahn. The articles claim that Ahn was unsure of how to respond, so he asked Kim Chang-soo to meet with Ri Ho-nam in Beijing to verify the message.

¶4. (SBU) Sisa Journal reporter Nam Moon-hee, claims to have accompanied Kim Chang-soo to Beijing on September 25 to meet with Ri Ho-nam, who was joined by Kwon O-hong -- a meeting involving a DPRK official, a former ROKG official, a journalist and a businessman. According to Nam, Ri repeated the same message he had conveyed to Kwon on September 20, adding that the North wanted to negotiate with the South on returning to the Six-Party Talks; the North also added that it could talk with the South on holding an inter-Korean summit if the ROK would first talk about the 6PT issue.

OCTOBER 2006: ROK REFUSES, THEN REACHES OUT AFTER TEST

¶5. (SBU) Upon returning to Seoul, Kim Chang-soo is said to have conveyed the message from Ri directly to his friend Ahn Hee-jung. After keeping the North waiting for almost a week, Ahn reportedly refused the North's offer for unofficial talks on October 2, saying that such discussions should be carried out through official channels. The DPRK announced its intention to conduct a nuclear test on October 3; the actual test took place on October 9.

¶6. (SBU) Sisa Journal reporter Nam Moon-hee, journalist and an insider in this story, told the Korean Journalists, Association that he saw many signs that the DPRK was seeking some sort of resolution to the post-July 5 situation through China and the ROK. According to Nam, Kim Jong-il had initially looked to China to find a breakthrough to the situation, and had made two aborted attempts to travel to the PRC to meet with the Chinese leadership, but later gave up such plans due to strains in PRC-DPRK relations. Nam said that Kim Jong-il had traveled to Sinuiju by train on September 14 with hopes of going into China, but had to turn the train back when plans were discouraged.

¶7. (SBU) Nam also said that the ROK was the next alternative for the North, but official channels at the time were frozen since July -- when the North Korean delegation walked out of the 19th Inter-Korean Ministerial Talks -- so "it seems that the North was seeking an exchange through unofficial channels." Nam thinks that Ahn Hee-jung's October 2 response was a shock to the DPRK. "Left with no options for an exit, the DPRK declared the following day that it would conduct a nuclear test. The ROKG and the Blue House were taken aback by the declaration, but they were unable to come up with a clear plan to resolve the situation and prevent the North from carrying out the nuclear test on October 9."

¶8. (SBU) Nam said that he told an unnamed Blue House official over dinner on October 9 that the ROKG had made a mistake by not taking up the North's offer. The official had Nam submit a written report on the attempted contacts, and then arranged an October 17 meeting with Information Secretary Lee Ho-chol. Lee is reported to have told Nam that

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he would try to persuade Ahn Hee-jung to pursue opening the unofficial channel, as the DPRK had proposed.

¶9. (SBU) Businessman Kwon told reporters that he subsequently arranged an October 20 meeting between the North's Ri Ho-nam and Ahn Hee-jung at Beijing's Kuntai Hotel (reftel). Ahn was accompanied by Uri Party lawmaker Lee Hwa-young, a member of the Unification, Foreign Affairs and Trade Committee's parliamentary inspection team that was supposed to be visiting the ROK Embassy in Beijing at the time, thus making the trip with Ahn safe from public exposure. According to Kwon, Ahn was blunt: "We came to discuss the issue of exchanging a special envoy and holding an inter-Korean summit... I hope that we could go through the official channel in planning this. I am the 'young partner' that Pres. Roh has talked about. I meet him frequently. In fact, almost every day." According to Kwon, Ri Ho-nam closed his notebook when he heard that the South wanted to go through the official channel, ending the meeting.

¶10. (SBU) The next morning, according to articles citing Kwon, Ri Ho-nam called Ahn to say that the North would like to hold a "preliminary meeting" on November 9 or 11 to

discuss the special envoy and inter-Korean summit issue. Ri also informed Ahn that the person coming out to the "preliminary meeting" would be someone in his sixties who could directly report to Chairman Kim Jong-il. (NOTE: Based on rumors that Ri Ho-nam is close to Chang Song-taek, the brother-in-law of Kim Jong-il, there were speculations that the high-level DPRK official who was supposed to come to the "preliminary meeting" was Chang. END NOTE.)

¶11. (SBU) According to Kwon, Ri also mentioned to Ahn during the phone call that the North would return to the Six-Party Talks. Ahn agreed to hold the "preliminary meeting" on November 11 in Beijing. But Kwon claimed that the meeting was cancelled at the last minute due to an unexpected press leak. The article in question was the November 9 OhmyNews article titled "Pres. Roh sends 'secret envoy' for inter-Korean summit." Informed of the North's return to the Six-Party Talks." The author of the article told poloff that if a picture of Ahn in Beijing had not surfaced, the story never would have gotten out.

NOVEMBER 2006: NEGOTIATING THE TERMS OF MEETINGS

¶12. (SBU) When Kwon met Ri Ho-nam in Beijing on November 11, Pyongyang's response to Ahn's canceled trip was harsh. According to Kwon, the DPRK leadership was very surprised at the amateurism of the main players in handling the issue and requested Ahn Hee-jung to visit Pyongyang and meet the necessary people so as to prevent future leaks. On November 13, the Blue House notified Kwon through Rep. Lee Hwa-young of its approval of this new plan.

¶13. (SBU) During November 13-17, however, the Blue House overturned its decision to send Ahn Hee-jung to Pyongyang and proposed to meet one more time outside the DPRK, this time with former Prime Minister Lee Hae-chan included in the group. The plan was to negotiate with the North to send former Prime Minister Lee as special envoy. Kwon claims that the proposal reflected President Roh's opinion. The Blue House was reportedly worried about not getting anything from Pyongyang, as well as the public debate that Ahn Hee-jung's North Korea visit would cause since Ahn did not have any position within the current administration. According to Kwon, President Roh and Information Secretary Lee Ho-chol also were unsure of whether things should continue through the unofficial channel when there were signs that the official channel would soon be restored through the National Intelligence Service (NIS). "So the Blue House wanted things to proceed at a slower tempo," said Kwon.

¶14. (SBU) According to Kwon, Pyongyang expressed dismay at the further change in plans, saying, "Why do they worry about not getting anything from us when this is also a place where people live? Are we animals with horns?" Kwon conveyed the negative response to Seoul. The reaction from the Blue House was then to omit the "preliminary meeting" and coordinate with the North on former Prime Minister Lee directly going to the North as special envoy. Kwon comments that it was a plan that bypassed all diplomatic protocol.

¶15. (SBU) On November 18, the DPRK's Ri and Kwon met in Beijing and proposed that Rep. Lee Hwa-young visit Pyongyang in place of Ahn Hee-jung. Ri demanded that all formalities be observed, including letters from Ahn Hee-jung and former Prime Minister Lee)- the former expressing his regrets on the change in plans, and the latter expressing his hope to visit the North. According to Kwon, Ri did not forget to add that the North had lost face so Seoul should compensate by providing the North with USD 500,000. Seoul's hesitation in pursuing plans had brought out one of the North's notorious habits, Kwon commented in the Weekly Dong-A.

¶16. (SBU) Seoul balked at the North's demand for cash. "I can go (to Pyongyang) if the North relinquishes the demand. We cannot accept this. This is something that President Roh and I have discussed a number of times over soju," said Ahn Hee-jung, when he heard from Kwon that the North remained firm in its position, according to Kwon. On November 24, Rep. Lee Hwa-young conveyed to Kwon the Blue House message that "Seoul will provide the amount in in-kind goods instead of in cash."

¶17. (SBU) On November 26, Lee Hwa-young and Ri met in a room at the Kuntai Hotel in Beijing, and settled the USD 500,000 demand by agreeing that the South would set up a 10,000-head pig farm in the DPRK, according to Kwon. Accordingly, the North then invited Rep. Lee Hwa-young and Kwon O-hong to visit Pyongyang.

DECEMBER 2006: REP. LEE TRAVELS TO PYONGYANG

¶18. (SBU) Rep. Lee Hwa-young traveled to Pyongyang on December 16-19. The official justification for the trip was to establish an agreement between the DPRK's National Reconciliation Council and the Korea Bang Jeong-ghan Foundation)- chaired by Lee -- on a "pig farm project." Kwon reveals that Lee's nominal counterpart was the National Reconciliation Council's Vice Chairman Pak Kyong-chol, who had previously met Lee Hwa-young in Seoul and at Mt. Kumgang on two different occasions. Their "real" counterpart was Kim Song-hye, a councilor-level DPRK official known in the ROK as one of the "brains" on South Korea policy. (NOTE: Reports say that Kim Song-hye had traveled to South Korea seventeen times, including in 2002, when she accompanied Chang Song-taek on his trip to Seoul. At the June 2000 summit, she also made an appearance at the signing ceremony of the June 15 Joint Declaration. There are rumors that Kim Jong-il

seeks her advice when deciding on issues related to South Korea. END NOTE.)

¶19. (SBU) President Roh,s message to Pyongyang was conveyed during a dinner reception at the Koryo Hotel on the night of December 16: Seoul wanted to exchange a special envoy)- hopefully in December or January)- to coordinate on holding a summit within one month of the envoy meeting. The venue could be in Kaesong, Mt. Kumgang or any other place where the two leaders could talk candidly with each other on any issue.

JANUARY 2007: PYONGYANG INVITES FORMER PM LEE TO DPRK

¶20. (SBU) Pyongyang responded to Roh,s proposal on January 26 when Lee Hwa-young met with Kim Song-hye and a North Korean delegation in China for the "pig farm project,⁸ saying that Pyongyang would like to invite former Prime Minister Lee to visit the DPRK.

¶21. (SBU) With the revival of official channels, Rep. Lee Hwa-young unilaterally cut off his contact with Kwon O-hong and looked at pursuing former PM Lee Hae-chan,s Pyongyang visit through a separate line he had established with the North,s Korea Asia-Pacific Peace Committee, which is reported to be a shadow organization under the United Front Department, or the North Korean counterpart to the South,s Ministry of Unification. Reports say that Lee traveled several times to Shenyang and Dandong to coordinate the visit.

FEBRUARY-MARCH 2007: FORMER PM LEE VISITS PYONGYANG

¶22. (SBU) Officially, the planned visit by former PM Lee was upgraded to a "Uri Party project" pursued by the party,s Northeast Asia Peace Committee, which was created on February 16, two days after the election of Uri Party Chairman Chung Sye-kyun. Former Prime Minister Lee Hae-chan was appointed as the committee,s chairman, while pro-Roh Uri lawmakers like Kim Hyuk-kyu and Lee Hwa-young were included as its members. Meanwhile, President Roh withdrew from the Uri Party on February 22, making it look like)- Kwon claims)- Lee Hae-chan was traveling to the North in his personal capacity. On March 7, former Prime Minister Lee Hae-chan led a delegation of Uri Party members for a four-day visit to Pyongyang. At the time, there was much suspicion that Lee was traveling to Pyongyang as Roh,s &special envoy⁸ due to the weight he still carries within the current administration. Kwon commented, "Lee Hae-chan, regardless of whether he had the label or not, was a special envoy. If everything works out, he would be a special envoy. If not, he went in his personal capacity. But I believe the contents of the trip reflected President Roh,s thoughts, and in that sense, he was a special envoy."

BLUE HOUSE RESPONSE TO REPORTS

¶24. (SBU) The Blue House has publicly acknowledged sending Ahn Hee-jung to Beijing last October, with President Roh's authorization, to meet with Ri Ho-nam, but has denied that the secret exchange was intended to pursue an inter-Korean summit. Pres. Roh also admitted on April 10 that he had instructed Ahn to pursue the secret contact to verify the North,s intentions, but dismissed political criticism on violating the South-North Exchange and Cooperation Law in pursuing the secret contact by saying, "My instruction on any unofficial contact with North Koreans belongs to the president,s inherent authority. (Those) contacts pose no problems politically or legally."

SOURCES

¶25. (SBU) The main source for the above chronology is Kwon O-hong, a South Korean businessman and former Korea Trade-Investment Promotion Agency (KOTRA) official, who has

recently worked on North Korea-related economic projects based in Beijing. Kwon says he decided to go public with details of last year's unofficial exchange between the Blue House and the DPRK out of frustration at being cut off after working to arrange the unofficial contacts, and because he favors more aggressive economic cooperation with the North. Kwon's version of events tracks closely with that of Sisa Journal's Nam Moon-hee, whom Embassy contacts regard as credible and plugged in.

¶26. (U) Sources: "180-Day Memo of Behind-the-scenes Bargain for Inter-Korean Summit," Weekly Dong-A, April 3, 2007; Report on Kwon O-hong press conference, OhmyNews, March 30, 2007; Rep. Lee Hwa-young interview, OhmyNews, March 30, 2007; Information Secretary Lee Ho-chol interview, Yonhap News, March 28, 2007; Ahn Hee-jung interview, OhmyNews, March 28, 2007; Nam Moon-hee interview with the Korean Journalists Association, March 31, 2007; Kwon O-hong telephone interview, MBC Focus radio program, April, 7, 2007; Lee Hwa-young telephone interview, MBC Focus radio program, April 7, 2007.

COMMENT

¶27. (C) Korean history is filled with chapters of secret North-South negotiations. In the early 1970s, President Park Chung-hee sent his security chief Lee Hu-rak to Pyongyang, which eventually resulted in the joint announcement to work toward peaceful reunification. In the late 1980s, President Roh Tae-woo's secret negotiator was his confidant Park Chul-un. Roh's efforts yielded the landmark 1991 "North-South Agreement on Reconciliation" (or "Basic Agreement") and the 1992 "Joint Declaration of the Denuclearization of the Korean Peninsula." More recently, President Kim Dae-jung's secret negotiator, his Minister of Culture Park Jie-won, paved the way for the North-South summit in 2000.

¶28. (C) This time around, The Blue House's real objective in pursuing last year's exchange remains unclear; the press reports may exaggerate what was in question. Even so, the detailed reports on this series of meetings indicates that unofficial contacts were underway, and also points to a network of journalists, businessmen and former officials who appear to have extensive input into President Roh's approach to the North. Two of the players, Uri Party Rep. Lee Hwa-young and former Prime Minister Lee Hae-chan, through their respective ongoing "projects" in the North, may be continuing to work toward arranging a summit, regarded as an important legacy issue for President Roh.

VERSHBOW